

Document of
The World Bank
FOR OFFICIAL USE ONLY

Report No: ICR00005033

IMPLEMENTATION COMPLETION AND RESULTS REPORT

TF 017353

ON A

SMALL GRANT

IN THE AMOUNT OF USD 2.8 MILLION

TO THE

INDUS HERITAGE TRUST

FOR

DEVELOPING ARTISANAL LIVELIHOODS IN RURAL PAKISTAN (RANG) (P145420)
{July 9, 2020}

Agriculture And Food Global Practice
Sustainable Development
South Asia Region

Regional Vice President: Hartwig Schafer

Country Director: Patchamuthu Illangovan

Regional Director: John A. Roome

Practice Manager: Loraine Ronchi

Task Team Leader(s): Vinayak Narayan Ghatate

ICR Main Contributor: Arghya Ghosh

ABBREVIATIONS AND ACRONYMS

| | |
|--------|--|
| AC | Artisan Cluster |
| ACIF | Artisan Cluster Investment Fund |
| ADRC | Artisans Design and Research Center |
| B2B | Business to Business |
| BISP | Benazir Income Support Program |
| CE | Cluster Enterprises |
| CFC | Common Facility Center |
| CPS | Country Partnership Strategy |
| FINCA | Fighting Poverty with Micro Finance and Social Enterprise |
| FMR | Financial Management Report |
| IHT | Indus Heritage Trust |
| IUFR | Interim Unaudited Financial Report |
| JSDF | Japan Social Development Fund |
| M&E | Monitoring and Evaluation |
| MIS | Management Information System |
| MOU | Memorandum of Understanding |
| MTR | Mid Term Review |
| NRSP | National Rural Support Program |
| NY NOW | New York Now |
| PDO | Project Development Objectives |
| PG | Producer Groups |
| PIP | Project Implementation Plan |
| PPAF | Pakistan Poverty Alleviation Fund |
| PSDF | Pakistan Skill Development Fund |
| PKR | Pakistani Rupee |
| SRS | Sindh Rural Support Program |
| TPO | Technical Partner Organization |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |

TABLE OF CONTENTS

| | |
|--|-------------------------------------|
| DATA SHEET | ERROR! BOOKMARK NOT DEFINED. |
| I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES..... | 4 |
| II. OUTCOME | 8 |
| III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME | 12 |
| IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME .. | 13 |
| V. LESSONS LEARNED AND RECOMMENDATIONS | 14 |
| ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS..... | 17 |
| ANNEX 2. PROJECT COST BY COMPONENT | 23 |
| ANNEX 3. RECIPIENT, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS | 24 |
| ANNEX 4. SUPPORTING DOCUMENTS (IF ANY) | 26 |



DATA SHEET

BASIC INFORMATION

Product Information

| | |
|----------------------|---|
| Project ID | Project Name |
| P145420 | Developing Artisanal Livelihoods in Rural Pakistan (RANG) |
| Country | Financing Instrument |
| Pakistan | Investment Project Financing |
| Original EA Category | Revised EA Category |
| Not Required (C) | Not Required (C) |

Organizations

| | |
|----------------------|----------------------|
| Borrower | Implementing Agency |
| Indus Heritage Trust | Indus Heritage Trust |

Project Development Objective (PDO)

Original PDO

The overall objective is to improve the livelihood opportunities for rural artisans. It will demonstrate to policy makers the effectiveness of a crafts-based cluster approach to poverty alleviation and to improve living conditions for weavers and embroiderers (especially women and girls) and their families in targeted communities in Punjab and Sindh.

The project aims to assist an estimated 2,600 vulnerable artisan families/households, especially targeting women headed households, at the bottom of the pyramid to help them rebuild their lives, access sustainable livelihoods through establishing their own artisan institutions and consequently achieve a robust economic and social empowerment. With an average family size of 7 individuals in each household in the project areas, the project is expected to benefit an overall population of about 18,200 individuals. Out of the total number of beneficiaries, 70% of the beneficiaries are expected to be women.



FINANCING

| | Original Amount (US\$) | Revised Amount (US\$) | Actual Disbursed (US\$) |
|---------------------------|------------------------|-----------------------|-------------------------|
| Donor Financing | | | |
| TF-17353 | 2,800,000 | 2,800,000 | 2,800,000 |
| Total | 2,800,000 | 2,800,000 | 2,800,000 |
| Total Project Cost | 2,800,000 | 2,800,000 | 2,800,000 |

KEY DATES

| Approval | Effectiveness | Original Closing | Actual Closing |
|-------------|---------------|------------------|----------------|
| 14-Feb-2014 | 21-May-2014 | 21-May-2018 | 21-May-2019 |

RESTRUCTURING AND/OR ADDITIONAL FINANCING

| Date(s) | Amount Disbursed (US\$M) | Key Revisions |
|-------------|--------------------------|--|
| 18-May-2018 | 2.12 | Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Implementation Schedule Other Change(s) |

KEY RATINGS

| Outcome | Bank Performance | M&E Quality |
|--------------|------------------|-------------|
| Satisfactory | Satisfactory | Modest |

RATINGS OF PROJECT PERFORMANCE IN ISRs

| No. | Date ISR Archived | DO Rating | IP Rating | Actual Disbursements (US\$M) |
|-----|-------------------|--------------|--------------|------------------------------|
| 01 | 16-Nov-2014 | Satisfactory | Satisfactory | 0.37 |
| 02 | 23-Oct-2015 | Satisfactory | Satisfactory | 0.37 |



| | | | | |
|----|-------------|--------------|--------------|------|
| 03 | 19-Dec-2016 | Satisfactory | Satisfactory | 1.08 |
| 04 | 23-May-2018 | Satisfactory | Satisfactory | 2.12 |

ADM STAFF

| Role | At Approval | At ICR |
|--------------------------|-------------------------|-------------------------|
| Regional Vice President: | Philippe H. Le Houerou | Hartwig Schafer |
| Country Director: | Rachid Benmessaoud | Patchamuthu Illangovan |
| Director: | John Henry Stein | John A. Roome |
| Practice Manager: | Shobha Shetty | Loraine Ronchi |
| Task Team Leader(s): | Vinayak Narayan Ghatate | Vinayak Narayan Ghatate |
| ICR Contributing Author: | | Arghya Ghosh |



I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

Context

1. The basis for the project “[Developing Artisan Livelihood in Rural Pakistan](https://pdf.usaid.gov/pdf_docs/pnadh210.pdf)” was to pilot test a new model for improving livelihoods by strengthening the craft value chain for vulnerable artisan communities of Pakistan’s Punjab and Sindh provinces where a large segment of people in the rural areas depends on the craft sector for their livelihoods. Global opportunities for artisanal products were rapidly growing. The global handicrafts market was expected to grow at 12% annually¹. These opportunities in the artisanal sector presented a unique development pathway for developing countries such as Pakistan that are blessed with rich cultural traditions and a large population of skilled artisans. The sector was, and remains, a significant employer of women as these activities are traditionally home-based.
2. Despite being rich in traditional crafts, rural communities in Pakistan, especially in remote areas, remained among the poorest and most vulnerable. The region suffered from internal displacement, forced migration, increasing political and social instability, youth unemployment and lack of livelihood opportunities. Artisan value chains were often lengthy and fragmented. Access to quality raw material was limited and inconsistent. While consumers of artisan products were increasingly becoming urbanized, crafts continued to be sold predominantly through local markets; artisans had few opportunities to reach new consumers through relevant retail platforms such as department stores, shopping malls and e-commerce platforms. Cartelization of middlemen was commonly observed, resulting in monopolistic terms and unfair prices for the artisans. As a result, artisan’s share in the value chain was low.
3. Poor access to finance linked to the absence of collateral and limited literacy was further compounded by exhaustive processes, which forced producers to turn to unorganized channels of credit characterized by high interest rates and unfavorable terms. Field level discussions by a World Bank mission revealed a pressing need for improving basic financial literacy as well as basic business skills for artisans. Artisan producers were often unaware about trademarks, geographic identifications, intellectual property rights and the importance of their role in the value chain. There was also limited understanding and awareness of labor laws, environmental and other standards required by many global buyers. Lack of access to information and a limited understanding of urban/global markets, export requirements, prices, and government schemes were some of the other information-centric challenges that existed in the sector.
4. There was also a need to adopt mechanisms that would reflect changes in the nature of engagement and types of interventions required, including multi-sectoral approaches that could explore convergence of resources and roles by other development initiatives. There was a need to move towards a value chain-based approach and associated outcome-based programs as well as an institutional architecture that focused on capacity building investments and leveraging private sector engagement. The sector needed to minimize value loss, maximize value creation, capture higher value and enhance value-added services.
5. At the time of project conception, the efforts of policy makers and development practitioners related to either facilitating marketing linkages or providing microfinance support or training in design and product development. Unfortunately, there was little to no evidence of dedicated efforts and specific interventions that would strategically support the artisans through the entire value chain process of end-to-end development.

¹ https://pdf.usaid.gov/pdf_docs/pnadh210.pdf

<https://projects.worldbank.org/en/projects-operations/document-detail/P145420>



6. For instance, without design and product developments inputs, artisans were not exposed to market intelligence and ended up producing the same traditional designs repeatedly. On the other hand, by providing the artisans with just product development support and no linkages to the market or financing, artisans were forced to sell their products to exploitative middlemen and traders. The hegemony of these middlemen and traders rendered artisans 'underpaid labor' as they exercised control by managing input supplies and liquidity.

7. Stakeholders consultations and scoping studies suggested that existing support systems and ongoing projects had limited impacts since the interventions were limited to one specific segment and not geared towards strengthening systems for the entire craft value chain. The artisan sector needed an innovative approach that was not tried previously in Pakistan and which would aim to achieve inclusive development and ensure sustainability. The project needed to establish a unique livelihood opportunity by bringing creative, social and human capital together for economic gain of the artisans. The design of the project addressed essential nodes of the craft value chain such as building artisans' own institutions, developing artisan specific credit products, training artisans in market led product developments and developing innovative strategies and branding to market their products.

8. RANG would work with the artisans to help them set up their own artisan institutions, support product development activities, provide tailored artisan-specific financial products, and finally, help them in marketing their products by linking them with mainstream buyers in both domestic and global markets. The JSDF-supported project, through its end-to-end value chain development activities, is closely aligned with the World Bank's Country Partnership Strategy (CPS) for Pakistan for FY2015-20, which aims to tackle difficult but potentially transformational areas to reach the twin goals of poverty reduction and shared prosperity. The project supports the key priorities of the proposed vision 2025 of reaching out to underserved, neglected and poor.

9. **Brief description of the Implementing Agency:** IHT (Indus Heritage Trust) registered as a trust (under Pakistan's Trust Act, 1882) on August 24 (2004) was the implementing agency for this project. IHT was founded by a group of professionals dedicated to the preservation and promotion of Pakistan's rich arts, crafts and culture. IHT had within its governance structure and professional network, a respected group of national and international experts who contribute to the organization's mandate to preserve, promote and accelerate the growth of the traditional cultural and creative industries of Pakistan. The trustees included esteemed economists, lawyers, educationalists, chartered accountants, advocates and individuals having over 20 years of experience in marketing and promotion of arts and culture. IHT's approach to support of the arts and crafts and their artisans has been a catalyst in the creation of several other organizations with similar objectives. IHT has been the principle implementing and managing agency for Arts and Crafts Village in Islamabad. The Trust had active linkages with key stakeholders from the sector such as Pakistan Poverty Alleviation Fund, Sungi Development Foundation, NRSP Microfinance Bank, Thardeep Rural Development Organization, Sindh Rural Support Organization and Aahan. These linkages would enable IHT to have access to the target artisan communities in the province of Punjab and Sindh.

Theory of Change (Results Chain)

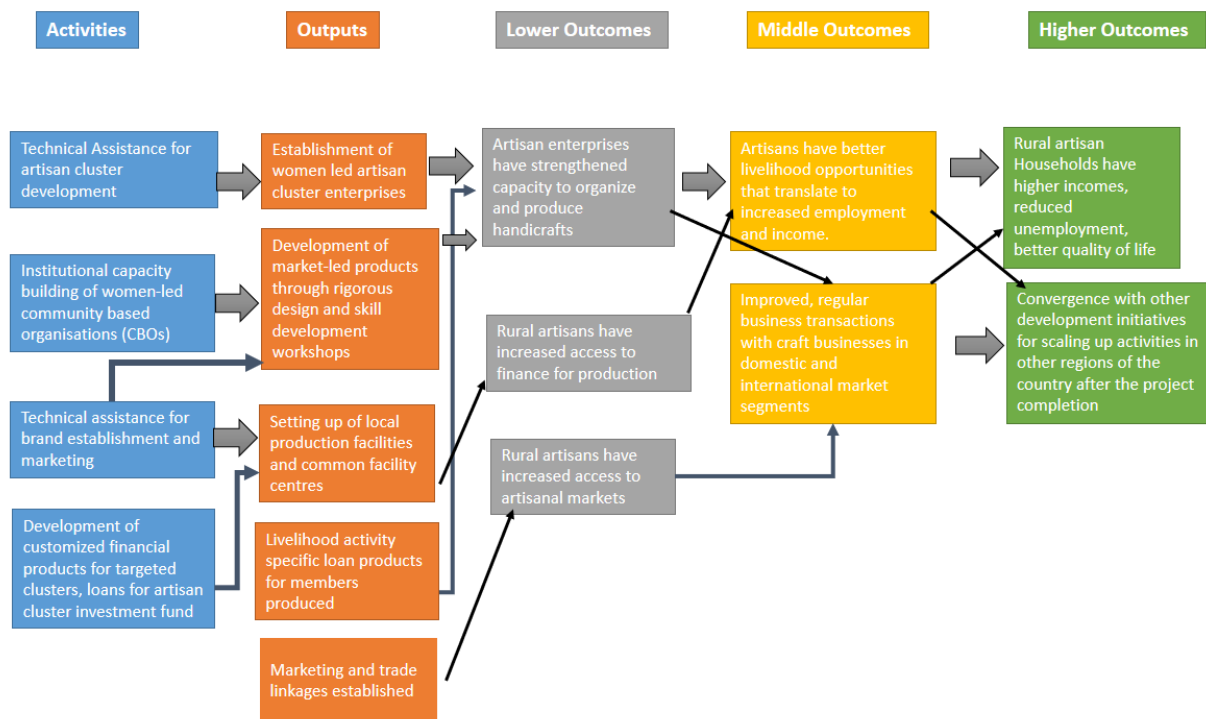
10. Theory of Change. The project was designed to mobilize and organized targeted community members into business collectives as part of the component of Cluster Development and Capacity Building assuming artisans are willing to form and be active members of cluster enterprises. As part of the project's end-to-end capacity building format, artisan-designer workshops facilitated by well-known domestic and global design experts, given the assumption that artisan beneficiaries would attend training workshops to learn new marketable skills and techniques and artisan groups/enterprises would collaborate to produce superior quality products. The project also sought to develop several



B2B linkages between artisan producer federations and major national and international retail chains by through focused market facilitation activities. Interventions were designed to address financing and working capital issues faced by artisans through the development of customized financial products. Overall, it was envisaged that community and artisan participation in cluster development activities, with improved access to newly introduced financial products would enable artisans to work with their group enterprises and position their products to various market verticals, which would translate to better livelihood opportunities leading to increased employment and income.

11. In both the provinces of Punjab and Sindh, across its 8 districts and 90 villages, the project supported the establishment of 17 legally registered cluster enterprises, five artisan resource centers, 104 artisan groups and two common facility centers. 5000 new innovative and market led product prototypes were developed as an output of the artisan-designer workshops. Participation in well-known craft-based trade fairs as part of the project's marketing and sales activities enabled a cumulative sale of US\$ 1,16,666 of which 35% was from international markets. Lastly, the project digitized order payments through a digital payment application (Mobicash), which contributed to reducing delays and transaction costs associated payments.

Figure 1. Results Chain



Project Development Objectives (PDOs)

12. According to the JSDF Grant Agreement, the PDO is “To improve the livelihood opportunities for rural artisans” of targeting communities in the provinces of Punjab and Sindh. A secondary objective would be to demonstrate to policy-makers the effectiveness of a crafts-based cluster approach to poverty alleviation and to improve living conditions for weavers and embroiders (especially women and girls) and their families in targeted communities of Punjab and Sindh.



The PDO was not changed over the project period. The project aimed to assist an estimated 2,600 vulnerable artisan families, especially women-headed households, at the bottom of the pyramid, to help rebuild their lives and access sustainable livelihood through establishing their own artisanal institutions.

Key Expected Outcomes and Outcome Indicators

13. The project was designed to meet the PDO through providing holistic, end-to-end value chain services for rural artisans. The key expected outcomes and outcome indicators of the project are:

- 20% income increase for at least 50% of target artisan families (2,600 artisans and total of 18,900 beneficiaries), relative to artisan families in the non-target groups as a result of developing new products.
- 25% increase in the number of days of employment relative to artisan families in the control group through project interventions.
- 80% of the 15 Cluster Enterprises (CEs) are marketing through their own brand/sub brands.
- Preparation and dissemination of lessons learnt note on artisan cluster development to inform policy discussions and other development programs of Provincial Departments of Industries of Punjab and Sindh as well as for wider knowledge sharing and dissemination.
- 70% female beneficiaries.

Components

14. The project targeted women that were at a risk of losing their livelihoods because of their inability to keep up with changing contemporary market requirements and supported communities to build their own artisan institutions, create improved products and market these products under their own brand. The project had the following components.

- Component 1. Cluster development and capacity building (Appraisal cost: US\$941,000; final cost: US\$1.150,000):** To organize Artisan Clusters (AC) at the village level by working with select mobilized communities identified in collaboration with project partners, formalize artisan institutions by establishing 17 Cluster Enterprises (CE), develop newer and more marketable products with support from product development experts and designers, set up resource and design centers called Community Facilitation Centers (CFCs).
- Component 2. Artisan Cluster Investment Fund (ACIF) (Appraisal: US\$706,400; final: US\$420,000):** To provide access to affordable credit to the cluster members for meeting working capital requirements and to reduce dependence on 'loan sharks' and middlemen, build the capacity of Cluster Enterprises for designing livelihood activity specific loan products for its members, develop artisan-specific innovative insurance and credit-card products and livelihood financing.
- Component 3. Marketing Trade Facilities & Support Services (Appraisal: US\$659,600; final: US\$650,000):** To establish front-end marketing and trade linkages of Artisan Clusters/ Cluster Enterprises to improve access to local, national, regional and international markets. Develop capacity in the domain of product design, quality, brand development and optimization of various marketing components, such as positioning/target audience, pricing, promotion, merchandising, etc.
- Component 4. M&E, Knowledge Dissemination and Project Administration (Appraisal: US\$493,000; final: US\$560,000):** To support an administrative unit to implement the project including the coordination of field activities, as well as designing and implementation of a comprehensive M&E strategy, which comprised a Baseline Study, a Mid-term and End-term assessment, and a project MIS.



II. OUTCOME

Assessment of Achievement of Each Objective/Outcome

Relevance

The project was designed to conform to the second pillar of the Country Partnership Strategy (CPS) of 'improving human development and social protection'. The project was focused on generating inclusive growth in low-income provinces and it aimed at achieving rapid, inclusive growth and ensuring that development is sustainable. The project continued to remain highly relevant to the new CPS for FY2015-20, that aims to reach out to the underserved, neglected and poor through investments in women and youth, financial inclusion, poorer districts, among others.

Efficacy

The project sought to demonstrate to policy makers the effectiveness of crafts-based cluster development approaches in improving livelihood opportunities for rural artisans (especially women headed households). It aimed to demonstrate to policymakers the effectiveness of a crafts-based cluster approach to poverty alleviation and to improve living conditions for weaver, embroiders and their families in targeted communities in Punjab and Sindh.

15. Bringing capacity building programs and cluster development to rural doorsteps: Under the project, 2,700 artisans, against a target of 2,600, were provided opportunities for enhancing their skills and developing new designs through training workshops. The project developed and expanded need-based local capacity building activities through specific skill training and design development programs for all the registered artisans in their villages. A total of 170 prototype development workshops were conducted by engaging sector expert organizations, which resulted in the development of 5000 new innovative prototypes. In addition, the project facilitated 1600 skills training workshops at the cluster level to support regular skill building, which later contributed to the fulfillment of orders. These workshops were moderated and led by reputed national and international designers. Globally well-known craft sector organizations were invited as Technical Partners such as Aid to Artisans from the US. These interventions improved skills and design capacities of the artisans. As per the end line survey, 87% of the surveyed respondents reported that the project helped contemporize their traditional skills and create marketable products that assured greater margins and contributed to increased incomes.

16. Traditional skills strengthened: The project actively engaged women by enriching their traditional skills and fine tuning them for the contemporary market for artisanal products. Local women embroiderers, who were previously leaving their traditional profession due to a lack of market demand, were retrained in new products by using their traditional embroidery. Further, women artisans, who previously never ventured out of their villages, are now the main stakeholders of their own community artisan enterprises. They also regularly participate in leading trade shows abroad and in Pakistan, resulting in regular business from buyers and a corresponding rapid increase in the number of working days (17% increase). Linkages with the private sector were facilitated for mainstreaming artisanal products developed by these women and facilitating sustainability with the exit of the project.

17. The program also enabled end-to-end Value Chain Development in the targeted clusters aimed at providing strategic supply chain interventions to improve efficiency at the community level and build an environment of professionalism for targeting buyers in domestic and International markets. Some of these interventions and activities included (a) trainings on order management, quality control mechanisms and meeting of delivery deadlines, (b) linking of community members through smartphone-based groups (e.g. WhatsApp) to improve coordination, (c) feedback loops in the production process (e.g. sharing pictures of every stage of production) that enabled relevant staff to respond



immediately, (d) MoUs with leading courier services to ensure timely delivery to buyers, and (e) establishing business agreements with ancillary vendors for regular supply of inputs and raw materials.

18. The project successfully mobilized women-led institutions and facilitated formal registration of these institutions as artisan's enterprises/organizations in Punjab and Sindh provinces. These artisan community members were organized into 103 producer groups (PGs) and 17 cluster enterprises (target was 15). The project in total was able to directly register 2700 artisans from both the provinces with all beneficiaries being women. In each of the supported clusters, the project introduced similar kinds of market led capacity building inputs for repositioning of traditional knowledge and skills and re-engineering them to meet changing demand in global markets. It explored ways of generating income from one's own village by making use of local produces and resources, using local traditional skills and knowledge systems to develop innovative possibilities along with improved sources of income and enhanced wellbeing to the artisan households.

19. Increasing Access to Finance through the Artisan Cluster Investment Fund (ACIF) and customized financial products for the rural poor: To facilitate training and production activities in these clusters, the project established 2 common facility centers, one each in the provinces of Punjab and Sindh. These centers have been strategic in providing access to funds to the artisan community to the tune of US\$ 331,445 for meeting working capital requirements for the craft production cycle. The ACIF was designed as a revolving fund that could be accessed by the beneficiaries through their cluster enterprise and served to complement the strong presence of the microfinance institutions and related funds in these clusters. The revolving fund supported working capital requirements throughout the craft production cycle, as well as artisan's fair wages and basic production related expenses.

20. The project introduced innovative financial products for the artisans through establishing linkages with digital payment entities (e.g. Mobicash). This both reduced delays and transaction costs associated with payments receivable. The project also trained artisans on mobile banking, linked them to artisanal insurance products (including health insurance) and connected the communities with four banks (including FINCA microfinance bank) specializing in interest free loans. The project was unable to meet the original target of connecting with five banks due to project implementation delays. Using mobile money for transfers in place of cash is now accepted as an effective fraud prevention mechanism by beneficiaries; which in turn enhanced the fiduciary assurance. According to the end line report, 82% target artisans were actively using the new system. Artisans reported that they preferred the online transfer system because the previous method not only delayed receipt of payments, but often the amount received was less than the amount due.

21. Increasing Access to Marketing through Marketing Trade Facilities & Support Services, Connecting Rural Producers to Blue Ocean Market²: The project, through its aggressive marketing and sales activities, has successfully facilitated national and international market linkages by participating in 11 niche exhibitions, including 6 international trade shows (e.g. NY-NOW). Cumulative sales as of May 2019 stood at US\$ 116,666 - 35% of this outreach was from international markets, targeting the blue ocean segment and by partnerships with major global brands such as Pottery Barn and Crate & Barrel.

22. In the domestic segment, the project established market linkages with some key retail entities such as Koel, Jadeed, Indesign and Khadi. Collaborated with the federal government's ongoing Benazir Income Support Program for convergence in financial inclusions and digital financial products. In the international segment, the project has established market linkages with Aid to Artisans, Smithsonian, Pottery Barn, Small Things, Apparel Textile Sourcing Canada, The Rubin Museum of Art, Texlynx, Meg Braff, Crate & Barrel and Drake Khan Home. Project beneficiaries have also participated in

² Blue Ocean markets under the project refer to unexplored artisan product centric segments in the domestic and international markets (e.g. stores such as Pottery Barn, Crate and Barrel through NY Now trade fairs).



several internationally reputed trade fairs such as So Pritti (Dubai), World Market (Las Vegas), New York Now and Pushkar (Mauritius).

23. Establishing M&E, Knowledge Dissemination and Project Administration protocols: Regular technical assistance and operational guidance towards implementation, tracking of project activities and outreach was provided to IHT by the World Bank team. The core implementation team at IHT ensured active/regular communication with project beneficiaries through their local community representatives. Outcome and intermediate indicators were designed to measure impact and reach of the project including the number of community members targeted, increases in their monthly family income and workdays, improved market penetration, and the use of digitized payment transfer systems. Progress was regularly monitored using these indicators by the implementing agency’s regional project staff as well as headquartered/central office staff. Quarterly progress reports were also submitted to the World Bank.

24. Complementing government efforts: The project, through its focused interventions, enabled artisan communities and their organizations to sustainably complement and add value to on-going efforts of the federal and provincial Governments which are working in partnership with the World Bank on livelihood development programs in these regions.

25. The project established three Artisan’s Design and Research Centers (ADRC) in collaboration with art colleges to get interns to create innovative designs for the products of project beneficiaries. These interns worked closely with grassroots level artisans to guide them to enhance their own stitches.

26. Enhancing opportunities and share of artisans in crafts marketplace: The project undertook a series of measures to increase opportunities and artisans’ share in the crafts markets, and to mainstream them. It included organizing and regularly participating in marketing events, marketing linkages, buyer-seller meets, branding, development of promotional materials and social media campaigns. These multi-tier-market approaches have enabled the project to achieve average income increase from PKR 13923 (during baseline) to PKR 20,000 (in end line). The project has also achieved 17% increase in employment days for all the targeted artisans. The result reflects that majority (87%) of the artisans were able to enhance their family income by 87% from the baseline and a 65% increase in utilization of idle days of women for productive use.

Table 1. Assessment of outcomes

| | |
|--|---|
| <p>PDO “To improve the livelihood opportunities for rural artisans”</p> <p>Rating: Substantial</p> | <ul style="list-style-type: none"> • 5,000 new and innovative product prototypes were developed through artisan-designer workshops facilitated by established domestic and international designers. New product development in response to recurring market demand continues to be an ongoing process at the cluster level • Business to Business (B2B) linkages were established between the Artisan Producer Federations and major national retail chains in the domestic market segment as well as with international retail chains in the global market segment. Beneficiaries continue to conduct business on a regular basis with these retail chains post project completion. • The marketing and sales activities have seen a significant growth in scale of operations. Indus Heritage Trust (IHT) has successfully developed national and international linkages for artisans through participation in high profile domestic and international exhibitions. The cumulative sales figure in May, 2019 stood at US\$ 116,666, of which 35% was from international market |
|--|---|



| | |
|--|--|
| | <p>sales.</p> <ul style="list-style-type: none"> • Several marketing events including “Hunar Ke Rang” and fashion shows were organized every year to showcase the unique and intricate products of artisans, which provided an opportunity for key stakeholders and buyers to see the outcomes of the initiative. The project has currently partnered with several bilateral agencies (UNESCO, European Union, etc.) for scaling up and implementing new development activities. • Digitized order payment through the digital payment application Mobicash to reduce delays and transaction costs associated with payments. • Trained artisans in mobile banking and linked them to artisan insurance products including health insurance products • Partnership with FINCA microfinance Bank to facilitate interest-free loans for artisans. |
| <p>Secondary Objective “To demonstrate to policy makers the effectiveness of a crafts-based cluster approach to poverty alleviation and to improve living conditions”</p> <p>Rating: Substantial</p> | <ul style="list-style-type: none"> • In two provinces, 17 legally registered cluster enterprises, five artisan resource centers, 104 artisan groups and two common facility centers were formed across 8 districts and 90 villages. • A total of 2,700 artisans (104% of targets) and 18,900 beneficiaries were reached and organized with most of the beneficiaries being women (142% target). • An independent sample survey (at end line) noted target artisan beneficiaries of the project reported an income increase of nearly 47% |

Efficiency

27. In terms of implementation costs, the project spent an average of USD\$348 per beneficiary on cluster development and capacity building and approximately US\$244 for marketing, trade facilitation and support services. The project closing was delayed by only one year but was worthwhile to strengthen nascent cluster enterprises, thereby ensuring their sustainability and organic growth. Given the outputs and outcomes of the project in terms of new products and marketing channels developed to support artisans, along with sales realized by artisan enterprises, the project has demonstrated substantial efficiency in implementation.

Overall Outcome Rating

Overall Outcome Rating: Satisfactory.

The overall outcome rating is Satisfactory, based on high relevance, and substantial ratings for efficacy and efficiency.

Other Outcomes and Impacts

28. 'Co-creation' with Nepal and India: One of the key innovations piloted under this project was leveraging regional cultural linkages and synergizing them to improve recognition. The project achieved this by partnering with similar ongoing JSDF projects focused on the artisanal sector in Nepal including “Making Markets work for the Conflict Affected in Nepal”. The activities also supported the development of "co-creation", of a series of collections combining artisanal traditions of Nepal, Pakistan and India, and exhibiting them as part of fashion shows in "Hunar ke Rang", Islamabad (November 2017)



and the South Asian Festival for Handicrafts, Kathmandu (January 2018).

29. Digital financial products and solutions: The project has introduced innovations and developed linkages to strengthen access to finance for the artisans. For instance, the project has successfully digitized order payment through the digital payment application “Mobicash” to reduce delays and transaction costs associated with payments. The project has also trained artisans in mobile banking and linked them to artisan insurance products. In addition, the project partnered with FINCA micro Bank to facilitate interest-free loans for artisans

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

30. Strong community buy-in: A key positive factor was the significant demand for project interventions from the artisan community, which participated with enthusiasm in all activities. The community’s buy-in through word of mouth communication and the Hunar Ke Rang event regularly organized by the implementing agency, demand and initiative were key factors in driving implementation and influencing the design of some of the interventions. The activities in the target districts had a spillover effect. Artisans from non-JSDF, neighboring districts requested interventions in their clusters as well.

31. Internal governance Issues: The project lost some momentum for a few months in 2016, due to the changes in the IHT project team (implementing agency) and delayed clearance by the government authorities for continuing work in the project areas. A no-cost extension was hence requested to meet project deliverables and ensure sustainability.

32. Restructuring helped achieve outcomes: IHT requested a no-cost extension of twelve months to strengthen nascent cluster enterprises, ensure their sustainability and organic growth beyond project period. Although the project was progressing well, the rationale for the extension was to strengthen artisan institutions that were at an early stage of development, to formalize and build strong client relationships and increase export linkages. In addition to the implementation period extension, as part of the restructuring, end dates for certain targets were revised and the grant amount was reallocated across components. Amounts of US\$17,782 and US\$178,569 were reduced respectively from category-1 goods and category-3 sub-grants and moved to category-4 related to trainings and workshops. These shifts are also reflected in the reallocation of the grant across components – allocation to component A (cluster development and capacity building) and component D (project management and administration costs) was increased after reducing the allocation to component B (community artisan investment fund). Overall the additional implementation period and reallocation of the grant allowed for further training of targeted artisans to make them confident members of their own community-based organization and compensated for the time lost during internal governance issues.

33. The Recipient supported robust and transparent project implementation: The Bank highly appreciated the Recipient's ownership and commitment in achieving the PDO. For example, suggested interventions for diversifying market outreach such as considering to on-board global expert organizations (e.g. Aid to Artisans) was promptly developed and incorporated into the project’s trade facilitation strategy. As a result, target artisans were able to work with international designers and market experts to develop targeted market led products for leading craft-based trade fairs (NY Now) and establish regular businesses with global high street brands such as Pottery Barn and Crate and Barrel. The recipient was responsive to timely resolution of implementation issues, occasionally requiring the task team's intervention. In terms of implementation arrangements, there was room for improvement in the Recipient’s performance related to timely appointment of key staff and adherence to timeliness of fiduciary activities.

34. Banking regulatory framework: One issue that persisted all through implementation and which impacted



establishment of CFCs was the State Bank of Pakistan’s policies that did not allow opening of bank accounts for community organizations. Despite IHT’s best efforts, this could not be done. There is a need for regulatory reform and appropriate technological solutions for the integration of community organizations to the formal banking system. Intermediation is needed to ensure that these financial challenges are surmounted either through regulatory reforms or more technological advancements.

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

Quality of Monitoring and Evaluation (M&E)

35. The M&E framework for the project was designed to capture and assess PDO level progress and achievements. Outcome and intermediate indicators included as part of the results framework were to measure impact and outreach of the project including the number of community members targeted, increases in their monthly family income and workdays, improved market penetration, and the use of digitized payment transfer systems. Progress was regularly monitored using these indicators by the implementing agency’s regional project staff as well as headquartered/central office staff. Quarterly progress reports were also submitted to the World Bank. However, there were gaps in the implementation and utilization of progress data for improving program management as well as delays in reporting on progress. The gaps were largely due to internal governance issues, which also resulted in recurring shortfalls of dedicated M&E staffing and inputs.

36. The Bank provided IHT with regular technical assistance and operational guidance on implementation and tracking of project activities and outreach. The core implementation team at IHT also attempted to ensure active/regular communication with project beneficiaries through their local community representatives, but with delays on account of internal governance and personnel issues. The IHT team completed frequent field visits to project areas to directly oversee training programs and skill development initiatives implemented under the project. These field visits not only ensured the quality of interventions and training programs but also served as an opportunity for community feedback to improve future trainings. A baseline, MTR, and an end line assessment were completed by a third-party agency to document overall project progress. Both qualitative and quantitative methods were used to estimate and report on progress achieved by the project.

M&E Quality Rating: MODEST

Fiduciary Compliance

37. Financial Management: The project complied with the fiduciary covenants with some delays. There were internal control issues noted from time to time and the project took effective steps to address them. The books of accounts were properly maintained and updated. There were some delays noted in submission of trimester financial FMRs/IUFRs and audit reports. The auditors provided an unqualified opinion in the audit report of FY19. There were no outstanding FMRs/IUFRs, audit reports or audit issues.

38. Procurement: The project initially took some time in finalizing a contract for a Technical Partner Organization for the services of conducting skills upgrading and delivering technical training to beneficiaries, which was crucial for supporting and transferring improved technology to artisans for innovative products design development. Further there were delays in the implementation of these activities in supporting artisans, due to a lack of coordination among the international and national firms responsible for these trainings. The project revised the strategy and engaged individual



consultants to assess artisans' skill sets, provide trainings; identify market-oriented artisans' products, and coordinate with national and international private sectors for marketing, and it worked very well. Activities agreed in the procurement plan were implemented satisfactorily. For design support, indefinite delivery contracts were ratified for procurement of threads, specialized handloom cloth embellishments and other associated material. Appropriate form of contract for Technical Partner Organizations with an increased role in design and implementation led to better project management and may be considered as a lesson learnt. It was also learnt that community driven development requires extensive flexibility within correct mix of key procurement principles. For the most part, procurement policies were complied with.

Bank Performance

39. The project was designed to address gaps in existing support systems in the sector and strengthen the entire craft value chain. The baseline assessment and several consultations with the community and other stakeholders, indicated the need for an innovative approach to artisanal value chain development that was both inclusive and contribute in achieving sustainability. The World Bank team provided regular technical assistance and support to the IHT and proactive updates on work plans were shared. The World Bank team monitored progress on the project through strategic missions, field visits, and interactions with beneficiaries during training programs (and implementation). This also ensured that the implementing agency adhered to timelines and work plans and completed activities in a timely manner with satisfactory outcomes. The Bank team's pro-active support and technical assistance to IHT throughout the project period, especially during the final two years of the project, contributed to the development of partnerships as well as in generating and leveraging private sector interest. The Bank team also played a key role in facilitating tie-ups with reputed global technical experts as well as artisan centric JSDF projects in India and Nepal. IHT's project managers have been appreciative of the Bank team's inputs and support in implementation and have acknowledged it as a factor towards the satisfactory completion of the project.

Bank Performance Rating: SATISFACTORY

Risk to Development Outcome

40. The risk to sustainability of development outcomes is low for the following reasons:
- Empowered artisan institutions: The producer federations facilitated under the project have competent leadership trained in managerial skills as well as exposed to markets. The artisan investment funds have been provided to these artisan enterprises and are expected to be rotated among group beneficiaries to address financing and working capital requirements.
 - Linkages with sellers: The project has facilitated several linkages of the beneficiary groups with private sector players, exporters, retailers, design-entrepreneurs as well as member-based artisan-support institutions such as Koel, Jadeed, indesign, Khadi, Aid to Artisans, Smithsonian, Pottery Barn, Small Things, Apparel Textile Sourcing Canada, The Rubin Museum of Art, Texlynx, Meg Braff, Crate & Barrel and Drake Khan Home.

V. LESSONS LEARNED AND RECOMMENDATIONS



41. The following are the key lessons learnt: Strengthening traditional artisan skills based creative industries has major potential for improving rural livelihoods and is an essential development opportunity for Pakistan's marginalized communities: Pakistan has a strong base of artisans skilled in traditional crafts. Many artisan communities are not able to leverage their skills and access national / global markets due to several challenges including remoteness, poor market awareness, limited collectivization, limited access to inputs and resources etc. The project has demonstrated that if some of these challenges are addressed through innovative solutions, the sector can be a key development pathway for the poor artisans and rural households.

42. Encouraging community demand for continued support: Project interventions were received very well by the artisan communities on account of the participatory approaches adopted. Some of the artisan communities, for example the embroiderers of Bhawalpur district, noted that design-led interventions brought a transformational change to their artisanal activity and introduced them to innovative ways of using traditional skills. The end line survey as well as field visits by external evaluators revealed a strong demand for continued interventions and support from the artisan communities in neighboring districts.

43. Replicating the project in other provinces: There is a strong demand at the community level and at the government level to scale up the project as well as replicate it in other provinces of Pakistan, which reflects the strength of the project. Similarly, the interest from artisans of non-project districts is an example that initiatives for strengthening artisan value chain can be developed in other districts as well for greater impact of livelihood creation. After completion, the project took up several initiatives with bilateral agencies such as UNESCO, BISP, PSDF and European Union to scale up, collaborate and develop linkages. The team already has explored tie-ups with UNESCO for a series of showcase-based developments relating to creative industries of Pakistan and in the process of exploring synergies with allied sectors such as tourism with assistance from state supported livelihood programs.

44. International inputs had higher impact and opened new doors of opportunities in the global blue ocean market: The project piloted numerous designer-artisan interactions through workshops to introduce new innovative designs to rural artisans who were used to making products using traditional designs. This included workshops with well-known Pakistani designers as well as international designers from the US and France targeting the blue ocean market. During field interactions with communities, the designers has been able to introduce fresh ideas and new designs to the domestic market. The new inputs, combined with traditional Pakistani skillsets, created unique and innovative product ranges that were market ready and fetched higher margins.

45. Facilitating private sector linkages can prove to be a pathway for sustainability: The project supported a number of buyer-seller meets, fashion shows and participated in international and domestic trade fairs where private sector players such as exporters and noted retailers were introduced to the products developed by artisan communities which were supported by the project. The project was successfully able to establish recurring business communication with some of the leading retailers from the US such as Crate and Barrel and Pottery Barn. These orders were executed at the village level common facility centers and instilled a sense of recognition and confidence among the artisans. Numerous well-known lifestyle stores across Pakistan have shown an interest in continuing to engage with these community producers and showcase their products regularly in their stores.

46. Customized, innovative and accessible financial resources: One of the key gaps Pakistan's artisans in rural regions suffer from is the access to affordable, formal credit which often has forced them to resort to various local money lenders. Due to these loan sharks and unavailability of any alternatives, artisans remain trapped in debt for long periods. The project, as part of its end to end value chain development, implemented innovative approaches that resulted in easy access to formal financial channels. Some of the important interventions that helped ease access to finance are digitizing



the system and artisan cluster investment fund. Introduction of innovations such as Mobicash enabled rural women easy access to financial resources. While digitizing brought efficiency, the cluster investment fund provided essential support in the form of working capital producers for facilitating production in time. The project also facilitated several forms of convergence and collaboration with other donors and Government agencies for minimal to interest free loans to the community.

47. Revolving funds: Artisan groups have access to revolving funds owing to a strong presence of the micro finance institutions in the area, including Pakistan Poverty Alleviation Fund, NRSP Microfinance etc. To complement this, the project strategically provided access to funds to artisan community through an Artisan Community Investment Fund to the tune of US\$331,445 for meeting working capital requirements throughout the craft production cycle. This included support for artisan fair wages and basic production related expenses.



ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: To improve livelihood opportunities for rural artisans

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|------------------------------|-----------------|-------------|-----------------|-------------------------|-------------------------------|
| Direct project beneficiaries | Number | 0.00 | 2600.00 | 2600.00 | 2700.00 |
| | | 30-Oct-2014 | 21-May-2018 | 21-May-2018 | 21-May-2018 |
| Female beneficiaries | Percentage | 0.00 | 1820.00 | 1820.00 | 2700.00 |
| | | 30-Oct-2014 | 21-May-2018 | 21-May-2018 | 21-May-2018 |

Comments (achievements against targets):

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|--------------------------------|-----------------|----------|-----------------|-------------------------|-------------------------------|
| 20% percent increase in income | Percentage | 0.00 | 20.00 | 20.00 | 47.00 |



| | | | | | |
|---|--|-------------|-------------|-------------|-------------|
| of at least 50%of beneficiary artisan families. | | 30-Oct-2014 | 21-May-2018 | 21-May-2019 | 21-May-2019 |
| Comments (achievements against targets): | | | | | |

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|---|-----------------|---------------------|----------------------|-------------------------|-------------------------------|
| 80% percent of Cluster enterprises (of a total target of 15) that are marketing through their own brand | Percentage | 0.00 30-Oct-2014 | 80.00 21-May-2018 | 80.00 21-May-2019 | 113.00 21-May-2019 |

Comments (achievements against targets):
17 cluster enterprise that are marketing through their own brand compared to a target of 15

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|--|-----------------|---------------------|----------------------|-------------------------|-------------------------------|
| 25% percent increase in the number of days of employment of beneficiary artisan families | Percentage | 0.00 30-Oct-2014 | 25.00 21-May-2018 | 25.00 21-May-2019 | 17.00 21-May-2019 |

Comments (achievements against targets):



A.2 Intermediate Results Indicators

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|---|-----------------|---------------------|----------------------|-------------------------|-------------------------------|
| A total of 15 new cluster enterprises to be established and operational | Number | 0.00 30-Oct-2014 | 15.00 21-May-2018 | 15.00 21-May-2019 | 17.00 21-May-2019 |
| Comments (achievements against targets): | | | | | |

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|---|-----------------|---------------------|---------------------|-------------------------|-------------------------------|
| 2 Common Facility Centers (CFC) established | Number | 0.00 30-Oct-2014 | 2.00 21-May-2018 | 2.00 21-May-2019 | 2.00 21-May-2019 |
| Comments (achievements against targets): | | | | | |

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|----------------|-----------------|----------|-----------------|-------------------------|-------------------------------|
|----------------|-----------------|----------|-----------------|-------------------------|-------------------------------|



| | | | | | |
|--|--------|---------------------|---------------------|---------------------|---------------------|
| At least 5 Commercial Banks or Private Sector Organizations develop and provide artisan specific insurance and financial products at a reasonable rate | Number | 0.00 30-Oct-2014 | 5.00 21-May-2018 | 5.00 21-May-2019 | 4.00 21-May-2019 |
|--|--------|---------------------|---------------------|---------------------|---------------------|

Comments (achievements against targets):

| Indicator Name | Unit of Measure | Baseline | Original Target | Formally Revised Target | Actual Achieved at Completion |
|--|-----------------|---------------------|----------------------|-------------------------|-------------------------------|
| At least 80% of established Artisan Clusters linked to mainstream buyers establishing a steady source of demand for the products developed | Percentage | 0.00 30-Oct-2014 | 80.00 21-May-2018 | 80.00 21-May-2019 | 100.00 21-May-2019 |

Comments (achievements against targets):



B. ORGANIZATION OF THE ASSESSMENT OF THE PDO

| | |
|--|---|
| Objective/Outcome 1 To improve livelihood opportunities for rural artisans | |
| Outcome Indicators | <ol style="list-style-type: none"> 1. 20% increase in income for at least 50% of target artisan families (2,700 artisans and total of 18,900 beneficiaries), relative to artisan families in the control group as a result of developing new products 2. 17% increase in the number of days of employment relative to artisan families in the control group through project interventions 3. 80% of the 15 Cluster Enterprises (CEs) are marketing through their own brand/sub brands 4. Preparation and dissemination of lessons learnt note on artisan cluster development for consideration by the development programs of Provincial Departments of Industries of Punjab and Sindh and wider audience |
| Intermediate Results Indicators | <ol style="list-style-type: none"> 1. 17% increase in number of working days in the targeted cluster |
| Key Outputs by Component (linked to the achievement of the Objective/Outcome 1) | <ol style="list-style-type: none"> 1. 20% income increase of at least 50% beneficiary artisans (as per sample survey by independent agency) |
| Objective/Outcome 2 To assist an estimated 2,600 vulnerable artisan families, especially women headed household | |
| Outcome Indicators | <ol style="list-style-type: none"> 1. In the two project provinces, 17 legally registered cluster enterprises, five artisan resource centers, 104 artisan groups and two common facility centers were formed across 8 districts and 90 villages. 2. A total of 2,700 artisans (104% of targets) and 18,900 beneficiaries were reached and organized with most of the beneficiaries being women (142% target). 3. An independent sample survey (at end line) noted target artisan beneficiaries of the project reported an income increase of nearly 47% |



| | |
|--|---|
| Intermediate Results Indicators | <ol style="list-style-type: none">1. Nearly 47% income increase of the targeted artisan beneficiaries2. 104% of target achieved in terms of reaching out to direct beneficiaries3. 142% target achieved in terms of reaching out to women beneficiaries |
| Key Outputs by Component (linked to the achievement of the Objective/Outcome 2) | <ol style="list-style-type: none">1. Sales figure in May 2019 stood at US\$ 1,16,6662. Access to revolving funds to artisan community to the tune of US\$ 331,4453. 2 common facility centers in each province4. 70% beneficiaries are women |



ANNEX 2. PROJECT COST BY COMPONENT

| Components | Amount at Approval (US\$M) | Actual at Project Closing (US\$M) | Percentage of Approval (US\$M) |
|---|---------------------------------------|--|---|
| Component A: Cluster Development and Capacity Building | 0.941 | 1.15 | 122% |
| Component B: Artisan Cluster Investment Fund | 0.706 | .42 | 59% |
| Component C: Marketing, Trade Facilitation and Support Services | 0.659 | .65 | 99% |
| Component D: Monitoring and Evaluation, and Knowledge Dissemination and Project Management and Administration | 0.493 | .56 | 114% |
| Total | 2.80 | 2.78 | 100% |



ANNEX 3. RECIPIENT, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

1. IHT's comments based on experiences with the JSDF funded and the World bank's supported Project RANG are summarized below under three broad headings:
2. Relationship with the World Bank Team
 - a) IHT and the World Bank team had a very harmonious relationship throughout the life of the Project.
 - b) The Team Leader of the World Bank Team was always there to guide and support IHT throughout the latter's implementation of the Project,
 - c) Throughout the life of Project RANG, IHT received invaluable operational guidance from the Bank's Member of Operations,
 - d) This was IHT's first experience of working with the World Bank. The Bank's procurement and accounting procedures including its electronic system for requisitioning funds and reporting their expenditure were new to IHT. This is where the Procurement and Accounts staff of the Bank's Team were most helpful in guiding IHT and ensuring that rules and regulations were strictly adhered to.
3. IHT's Self-Assessment
 - a) IHT was very successful in selecting grassroots level women artisans from the most marginalized communities in the underdeveloped districts in the provinces of Punjab and Sindh. These beneficiaries were not only conservative but had also had experience of having been exploited by different organizations.
 - b) Without wasting any time IHT went about motivating these artisans, organized them into clusters and guided them to select cluster leaders amongst them (called Jugnoos) on the basis of their interpersonal abilities, embroidery skills, education, and ability to market products.
 - c) IHT then embarked on developing awareness in the Project beneficiaries of the importance of developing quality marketable products to enhance their livelihood;
 - d) IHT's innovation was the establishment of three Artisan's Design and Research Centers (ADRC) in collaboration with art colleges to get interns who would create innovative designs for the products of Project beneficiaries. These interns sat with grassroots level artisans and guided them to produce their own stitches to perfection.
 - e) The ADRCs support and IHT's training sessions have helped Project beneficiaries produce high quality products with marketable designs and colors. IHT also provided quality materials and good quality threads and oversaw production of quality products.
 - f) Another innovation introduced by IHT was a mechanism for timely payments to artisans on the basis



of their official identity cards that ensured all payments were received by the beneficiaries without any deductions.

- g) The combined results of these efforts have been very gratifying. IHT has been successfully able to market improved products of the project beneficiaries in Pakistan and abroad. In the US, the embroideries of Project beneficiaries have been rated as “of museum quality” and have also been purchased by museums. This has been a huge achievement from the level of the start of this project.
- h) Income from increased sales at better value of the products of Project beneficiaries have resulted in enhancing the livelihood of the beneficiary households which has been the primary objective of this project.
- i) The increasing pace of globalization and technological changes provide challenges and growth opportunities for economic expansion and job creation for women artisans in the future. Handicraft production, based on traditional skills and low investment requirements, provide possibilities for lower-income families for income generation.

4. A Soft Spot

- j) This project was supposed to establish Community Facility Centers (CFC) which were to be the primary source of developing sustainability of trained beneficiaries of the Project and making them entrepreneurs. It is unfortunate that the project was closed before the CFC were established and the funds still available with the project could not be put to good use.

5. Conclusion:

- k) Indus Heritage Trust is in a position to move forward and be an incubator of ideas and innovation in a field that can be a major employer of the rural population. Indus Heritage will require support and funding for at least 5 years to continue the work of innovation in the field of supporting artisanal activity. IHT can link rural women artisans to the tourism market and the value-added luxury, ethical market. All these innovations waiting to be tapped, if the artisans are upskilled.



ANNEX 4. SUPPORTING DOCUMENTS (IF ANY)

Lessons Learnt Note on Artisan Cluster Development

Background

JSDF TF P145420 “Developing Artisanal Livelihood in Rural Pakistan” was a JSDF and The World Bank managed project aimed at improving the livelihood opportunities for rural artisans in the provinces of Punjab and Sindh through end-to-end value chain approach in craft based clusters. The project commenced on May 21st 2014 and closed on May 21th, 2019. The project was implemented by Indus Heritage Trust (IHT).

Enhancing Livelihood Opportunities in Pakistan’s Artisan Skill based Creative Industries

Pakistan's rural communities especially women are known worldwide for their rich crafts and fine artisan skills. Traditionally arts and crafts have been considered as one of the key source of livelihood, suited to the climate and an integral part of Pakistan's economy. The nation has large rural population where several communities are known for their artisanal skills. These practices often known to traditionally complement and are interwoven with farming seasons. The project’s identified areas were known for skilled local women artisans specialized in embroideries.

Pakistan's social, political unrest, conflict and economic downturn have impacted overall development of the nation, more especially local economic growth with shrinking employment opportunities in remote rural areas. Pakistan's significant informal employments (especially among women) are rooted in arts and crafts related activities. Considering that the global cultural and creative industries is estimated to be a rapidly growing US \$ 624 billion market ³, Pakistan’s traditionally available skilled human resource and cultural industries related trades can be developed as a vibrant sector for economic and employment growth, especially for women in rural areas.

Existing efforts in the sector by policy makers and development practitioners seem to lack in addressing end to end initiatives and sequenced focused inputs in each gap segments of the artisan value chain.

The project "Developing Artisanal Livelihoods in Rural Pakistan’s” focus was to target vulnerable artisan families, especially women, at the bottom of the pyramid, to support them rebuild their lives, access sustainable livelihoods through establishing their own artisan institutions and consequently be economically and socially empowered. This pilot project tested a new approach of improving livelihood of the most vulnerable communities that depends on artisanal sector for their regular employment. The project's first step was to set up artisan clusters. Once they were established and strengthened, all the key activities such as organizing capacity building and skill enhancement training, designing community artisan investment fund, developing new market led prototypes and positioning these new developed products through marketing events were carried out.

Organizing community members into business collectives: One of the key reasons for lack of local employment and migration in the artisanal segment in Pakistan is absence of organized or community run institutions that are managed by its members. As part of Cluster Development, the project in the

³ <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=498>



beginning was able to identify potential areas for implementation in both the provinces of Punjab and Sindh through focused scoping. This helped the project team in identifying members who in spite of being skilled, were unable to practice their traditional means of livelihood as there were little to no availability of systematic channel for market information and outreach. Artisans sold their products to middlemen. This often resulted in severe exploitation as the artisans were often unaware of the real potential of their skills and the price their products can fetch in the market. The project through its regular interaction with the communities, exposure trips to various marketplaces and other best practices were able to develop awareness about being organized, collectively benefit from local skills and resources and be active stakeholders of the project.

Regular orientation workshops and innovative approaches to impart training on institution building explained benefits of being organized helped the project federate and register 2700 artisans into 103 artisan groups, 17 cluster enterprises and develop 2 common facility centers in both the provinces.⁴ The project strategically worked to develop a self-sufficient nucleus in each intervention areas where participating artisans were able to come together to form their own cluster enterprise, source their essentials materials locally through supply chain which was meticulously developed by the project and build an efficient production hub in their own village. The project hence was able to build ample scope that offered the community members to have “luxury of choice” in locally available livelihood opportunities in a sustainable basis which also had its affect in existing forced migration to cities.

Reshaping local skills to global standards: The project Rang opened a whole new arena of Pakistan’s fine artisan products at the global craft market. Pakistan’s artisan skill based creative industries have an elaborate vocabulary which in spite of its worldwide reputation hasn’t been able to benefit fully. The project as part of its Capacity Building initiative strategically planned and implemented focused interventions that was strictly “Market Led”. Reputed national and international sector experts and organizations from the segment of craft design were on boarded to take the communities through a series of innovative and interactive product design development workshops. These workshops resulted in an array of new prototypes which were showcased in reputed trade fairs, exhibitions and were placed in prominent retail spaces.

The project along with strengthening and upgrading existing artisan skills, also brought efficiency in local supply chain for sourcing essential raw materials. Local highly skilled community members were further trained not only to sharpen their skills but to impart training to other semi-skilled members. This active engagement between community members made them more responsible, supportive to each other and benefit from shared learning process between peer to peer.

The project by making use of local knowledge, skills and inspirations developed more than 125,000 new prototypes out of which 5,000 products⁵ were selected for testing and subsequently positioning in various market verticals. The project acted as a sustainable bridge between the market that were looking for innovative craft products from Pakistan and the communities who needed to be connected to the market that understands and appreciate artisan skills and can support them in a continued basis.

Opening Global markets for produces made by the poorest of the poor: The project Rang developed strong trade links with several market verticals that included retail shops, regional and national

⁴ Project Evaluation Report

⁵ Project Evaluation Report



exhibitions, curated showcases, reputed trade fairs specific to craft products, high street shops and global chain stores. The project's strategic product development that was focused towards specific market segments were helpful in responding to the requirements of these clients. It promoted the tag "Handmade in Pakistan" that opened new opportunities for both, the client to buy products that are carefully made by the Pakistan's skilled artisans and, the skilled communities who needed to respond to the increasing market demand for handmade and hand crafted.

While developing these new products with traditional skills, the project made concerted efforts to strengthen the supply chain of all the essential services that is of utmost importance for efficient production system. Regular participation in well-known international trade fairs enabled the project to develop a strong interest from buyers to source handmade products from Pakistan which was addressed in the grassroots level with sound and efficient production system, both developed by the project. It also took part in several South Asian showcases to explore opportunities of cross border businesses between communities in the region. Some of the key developments taken up by the project that enabled rural producers to reach out to market in a sustainable basis are strategic and focused product development, updated production techniques, strict quality assurance and enhancement, upgraded working space and strengthening the local supply chain.

Customized, innovative and accessible financial resources: One of the key gaps Pakistan's artisans in rural regions suffer from is lack of tailored financial products, which often have forced them to knock at local money lenders door. It is a known fact that due to these loan sharks and unavailability of any alternatives, artisans remain in debt trap for long period. The project as part of its end to end value chain development, implemented innovative approaches that resulted in easy access to formal financial channels. Some of the important interventions that have helped changing the scenario are digitizing the system and artisan cluster investment fund. Introduction of innovations such as Mobicash has enabled rural women to have easy access to financial resources available to them at their doorstep. While digitizing brought efficiency, the cluster investment fund provided essential support to the community for facilitating production in time. The project also facilitated several convergences and collaborations with other donor agencies and Government agencies for minimum to interest free loans to the community.

The project Rang was designed in response to Pakistan's factual need of addressing gaps in the arts and crafts value chain of the country. The project has showcased innovative approaches to bring sustainability and create livelihoods which are based on artisanal sector. It uncovered potential for job creation at the local level by leveraging existing skills and resources and trained communities further so that they can be the actual stakeholder of their own collective empowerment.

Key Lessons Learnt

- 1. Strengthening Traditional Artisan Skills is an essential development opportunity for Pakistan's marginalized**
 - The project has successfully tested a new pathway for improving livelihoods through artisan skills based creative industries in Pakistan. Traditional artisan skills are diverse in Pakistan and have major potential in generating livelihood opportunities for artisan communities, especially those living in regions affected from social and political unrest. The project has showed new ways of



enriching traditional skills that are locally available and mainstreaming them by engaging local women. Some examples include local women embroiders of Sindh and Punjab who were under pressure to leave their traditional profession due to a lack of market demand are now beneficiaries of the project. Well-known global design experts worked with artisans to create contemporary products using traditional skills for international high street brands such as Pottery Barn.

- The project proactively worked with the artisans to support them to set up and manage their own vibrant artisan community institution and register as local enterprises. They regularly participated in leading trade shows nationally and abroad which resulted in regular business communications with buyers, understanding of market dynamics, product seasonality, negotiation skills and the need of continuous product innovation. This led to a rapid increase in their number of working days. In each of the supported clusters, the project has intervened with inputs by repositioning traditional skills and introducing them to the global market. It has explored new ways of generating income from one's own village by making use of local produces and resources, applying local traditional skills to come up with possibilities that brings new sustainable sources of income and enhanced wellbeing to the artisan household

2. Enhancing opportunities and increasing market share of rural artisans through capacity building programs and training modules

- The project maximized artisan's skills and further developed their abilities in artisanal practices by providing them marketing opportunities that resulted in sustainable livelihood.
- A total of 2,700 artisans were provided opportunities for enhancing their skills and developing new designs through capacity building workshops. More than 5,000 new market led prototypes were developed through these workshops and a total of 125,000 new products were developed.⁶ These workshops were moderated and led by reputed national and international designers. Globally well-known craft sector organizations were engaged as Technical Partners (e.g. Aid to Artisans from the US). These interventions resulted in substantial impact on the skill and design capacities of the artisans. As per the end line survey, 87% of the surveyed respondents reported that the project helped to improve their traditional skills and create marketable products that assured increased incomes. The program has enabled encouraging growth in the average earning of artisan families.

3. Encouraging community demand for continued support

- Project interventions were received very well by the artisan communities. Some of the artisan communities, for example the embroiders of Bhawalpur district, noted that design-led interventions brought a transformational change to their artisanal activity and introduced them to innovative ways of using traditional skills. The end line survey as well as field visits by external evaluators revealed a strong demand for continued interventions and support from the artisan communities in neighboring districts.

⁶ Project Evaluation Report



4. Mainstreaming several market verticals, facilitating private sector linkages for long term sustainability and new opportunities in global blue ocean market

- The project undertook a series of direct and indirect measures for increasing opportunities and artisans share in the crafts markets, and mainstreaming them. These included organizing and regularly participating in marketing events, marketing linkages, buyer-seller meets, branding, fashion shows, development of promotional materials and social media campaigns.
- In the domestic segment, the project has established market linkages with some of the key retail entities such as *Koel, Jadeed, Indesign, Khadi* and have collaborated with the federal Government's ongoing Benazir Income Support Program.
- In the international segment, the project has established market linkages with *Aid to Artisans, Smithsonian, Pottery Barn, Small Things, Apparel Textile Sourcing Canada, The Rubin Museum of Art, Texlynx, Meg Braff, Crate & Barrel and Drake Khan Home*. The project has participated in several internationally reputed trade fairs such as So Pritti (Dubai), World Market (Las Vegas), New York Now and Pushkar (Mauritius).
- These multi-Tier-Market approaches have enabled the project to achieve average income increase up to 45% in comparison to the target increase of 20%. The project also in average has achieved 25% increase in employment days for all the targeted artisans. The result reflects that majority (87%) of the artisans were able to enhance their family income by 87% as compared with the baseline and a 65% increase in utilization of idle days of women for productive use⁷.

5. Upgrading payment disbursement efficiency, Digitizing financial products

- The project has digitized financial products (e.g. Mobicash) specially customized for communities living in rural areas. It has addressed key fractured nodes of online payment systems which often caused delays in production and delivery. The majority of the respondents stated that the new payment method is easy and convenient.
- The project invested in training artisans in mobile banking and linking them to artisan insurance products. In addition, the project has facilitated partnership with FINCA micro Bank to facilitate interest-free loans for artisans.

6. Replicating the project in other Provinces

- There is a strong demand at the community level as well as at the Government level to scale up the project as well as replicate it in other provinces of Pakistan. Scaling up the scope of the project from two provinces to the entire country shows the strength of the new model applied by the project. The interest showed by artisans from non-project districts is an example that initiatives for strengthening artisan value chain can be developed in other districts as well for greater impact of livelihood creation.

⁷ Project Evaluation Report